

Norphlet Operating Committee Minutes February 27, 2008

The Operating Committee met by conference call at 10 00 a m , Central Time, February 27, 2008 Those included on the call were Jesse Spector, Nelson Abell, Jim Crotty, Scott Carter, Doc Long, Pat Long, Scott Reed, W.L Cook, David Henry, Evert Talbot, Brian Brooks, Bernie Murphy, and Bob James In addition, Don Dodson participated in the discussion of the Garrison's stock, Craig Wilson and Vic Forte participated in the technical/operating discussion

Evert recapped his dinner meeting with John Garrison. Don Dodson's legal opinion is that the Company has a legally defensible position in reducing the Garrison's shareholdings to 20% (including shares of John Peterson) by cancelling existing stock certificates and issuing new ones. He recommended obtaining corroborating counsel from the firm of Dover, Dickson and Horn, in Little Rock He has contacted this firm to assure there is no conflict of interest with any parties nor with the State of Arkansas If our position is confirmed then we will proceed with the cancellation and reissuance of the stock certificates

A discussion was had concerning the safety and security of the plant, procedures will be created to add to its security.

The design/engineering proposal from likubo was thoroughly discussed Craig Wilson presented a possible counter proposal The Company operating management believes that we will not get to 134a production without likubo We have also made contact with a former DuPont refrigeration production expert, Robert Boyajian, who has been engaged for a 1-day assessment of the project The plan of action is to press Boyajian for his assessment, keeping likubo interested in the project, and make a decision at next week's Operating Committee meeting. likubo's proposal is very expensive, but gives the opportunity for some type of "guarantee" of results The financial arrangements might be complex, possibly involving a type of variable annuity income stream.

Vic Forte reported on the cleanup of "heavies", the project will take 3-4 weeks; we are recovering more than anticipated, and may be able to recycle 50% of Tulstar's raw materials.

We discussed the financing of the completion of the plant. With this week's cash draw Jones-Hamilton Co. has loaned \$947,554 since January 17 The Longs expressed interest in increasing their total ownership from 3% to 15% by, in part, the exercise of the option under the October financing plan; this would add approximately 4.5% of the Company for \$450,000 investment The Longs also expressed their intent to exercise their right to obtain 5% of the Company stock, directly from the Garrison's remaining 20% share, due to a previous agreement regarding the advancement of payroll funds. Jesse Spector said that they have

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been discussing ways to approach additional investment Nelson Abell said he was considering how he could participate. Bob James said Jones-Hamilton Co would propose a change in its supply contract costing and that Jones-Hamilton Co 's additional investment should participate in profit distributions

The Operating Committee will have a 2-part meeting next Wednesday at 10:00 a.m., Central Time, the first part will address financing activities, investors should be prepared to discuss timing, terms and conditions of financial plans The second part will address technical and operating issues.

I appreciate the time and effort of everyone involved with the efforts to bring about a positive conclusion to the design, engineering, construction, operating, and financing of the plant and business

Respectfully,
Bob James
